App. F. IX-4

1950-51
( CB )

File No. 26-S

Serial Nos. 1

*Previous References.*

CB 5346-48-1
CB 1573-43-1

*Later References.*

# GENERAL AND REVENUE SECRETARIAT

*Serial Nos.* One

**Part B for** April 1950.

**SUBJECT**

Allowance to the Assistant Secretary and the Staff attending to the work relating to Capital Issues Committee

No. 226-27/CB 26-50.1 D. 6.4.50.

To

The Accountant General

The Secretary, Capital Issues Committee.

Account By

Ordering that the Allowance shown may cease.

JDN 14/5/50

Re: Allowances to the Asst. Secy and the Staff attending to the work relating to "Capital issues"

(1) What is the no. of receipt disposals, per month, for the last 12 months, pertaining to "Capital issues"? The nos from may be different frequently. I fear there is hardly any work under that head, and an allowance of Rs 50/- to the Assistant Secy. & other allce to the offs. are entirely unnecessary.

12.1.50.
13.1.50

CHIEF SECRETARY 75 13 JAN 1950 GOVT. OF MYSORE

Submitted

2 Routine NPA calling for the information from the Branch is placed below.

Sent. 5-day
13/1/50

13/1/50.

(3) Issue
13.1.50

4 Kind reference is invited to para 3 of the Routine NPA placed below.

5 The no of receipts and disposals pertaining to "capital issues" from 1st Jan 1949 to the end of Dec 1949 are stated to be 100 and 300 respectively. Roughly it may be taken that the receipts and disposals are 8 and 25 respectively per month.

6 Submitted with reference to para 1 Asst

17/1/50.

7 The note of the Asst Secy in paras 4 & 5 is for perusal

18.1.50.

Chief Secy

19.1.50

CHIEF SECRETARY 1997 19 JAN 1950 GOVT. OF MYSORE

Re: Allowances to the Asst Secy and the Staff attending to the work relating to "Capital Issues". 3037 C.B.

8 May know how many meetings were held in Each of the months during the period of the last one year?

9 Re. first sentence in para 8, this work was being done by Cash Secy. S.R. Branch who was and is having light work. It was transferred to the Asst. Secy. Rev Hqrs. when the incumbent was changed from Cash Secy. S.R. Br. to Cash Secy. Rev Hqrs. Why should this work be retransferred to Asst. Secy S.R. Br. if the work is very heavy for Asst. Secy. Rev Hqrs. & if it has to be done out of office hours by him as stated?

Submitted Ref. to paras 8

1 Routine note calling for particulars viz: meetings of the committee is put up for approval.

Hly 21/1/51.

11 Issue 21.1.50.

21.1.51

Issued routine note on 23.1.50 to the Asst Secy Rev. Branch calling for information.

Routine note sent today KM 23/1/51

Submitted.

12 Kind reference is invited to para 11 of the note in the linked file.

Meetings of the committee during 1.1.49 to 31.12.49 the Staff to be held as under:—

(1) 29th Jan 1949
(2) 30th July 1949
(3) 31st Dec 1949.

C. 19.1.50 19.1.50.

Re: Allowances to the Asst Secy and the Staff attending to the work relating to Capital Issues.

3037 S.B.

13. particulars of allowances being drawn by the officer and the officials in connection with this work are as follows:—

| | | Duty allowance |
|---|---|---|
| (1) Secy to the committee | | Rs 50/ p.m. |
| (2) Case-worker | ——— | Rs 15/ p.m. |
| (3) Steno-typist | ——— | Rs 10/ p.m |

14. Re. para 9 supra, the Law Secy may perhaps be consulted.

15. Submitted with reference to paras 8 and 9 supra. "Capital Issues" is now included in the portfolio of the Minister for F. & D.

21/2/50.

16) Chief Secy)

21.2.50

SLMR 21.2.50

17) Para 12 above shows that there has been no work worth mentioning to the branch under this heading, despite the creation of a temporary post of Asst Secy & the appointment of a Commerce Asst. There has been no justification for giving this allowance to the officers. "Capital Issues" is a Central subject from 1-4-50. However, the allowance may be discontinued w.e.f. 1.3.50.

18) Council Case.

Chief Minister 7325 11.3.50 2

THE MINISTER FOR INDUSTRIES. 6618 10-3-50

7668/24

Mins. D.F.D. Chief Secy Dy Secy

20) from 1.4.50 Three

K.C.D

19) 9.3.50.

21) 30/3/50.

SLMR 9/3

SLMR 9/3/50.

U. O. NO. FL. 9346 4th MAR 1950

CHIEF SECRETARY'S OFFICE MYSORE 22 FEB 1950

GENERAL SECRETARIAT LOKE

Re: Allowances to the Asst. Secy and the Staff attending to the work relating to Capital Issues. 3037/C.Bx

Subd
Draft G. O. put up for approval.

for
4/4/50

Issue
sd/-
5/4/50.

4.4.50.

Issued G. O. no. 226-27/CB dt. 6-50-1. dt. 6.4.50. to the Accnts. General. Secretary Capital Issue Committee, ordering that the allowances if any drawn by the Addl. Secretary. Debit Br. will be case under advice from 1-4-50

Admn has been taken re. Allowance drawn by the Secretary Capital Issue Committee. Extract of the file has been sent Separately to Acct. Br. for taking admn. of the case under and the staff who were looking after the work of the Committee.

If approved this file be closed now

for
12/4

Yes
sd/-
13/4/50.

12.4.50.

B.

G.A.Narayana Setti, B.A.,LL.B.,
Asst. Secretary to Government &
Secretary, Capital Issue Committee.

Office of the Secretary,
Capital Issue Committee,
Old Public Offices, Bangalore.
Dated, 28 July 1949.

Fl. 230-7.

THE MINISTER FOR CITY MUNICIPALITIES AND MUZRAI
No.....
Date 29-7-1949.

Dear Sir,

I am desired to state that a meeting of the Informal Committee for Capital Issues will be held on Saturday the 30th July 1949 at 3.30 P.M. in the Chambers of the Minister for City Municipalities and Muzrai. You are requested kindly to attend the meeting.

The Agenda and other particulars are enclosed.

Yours faithfully,

G. A. Narayana Setti
Secretary, 28/7
Capital Issue Committee.

To
All the Members of the Committee.

Copy to the Personal Asst. to the Minister for City Municipalities & Muzrai.

AGENDA.

(1) Action taken by Government on the recommendations of the Committee at the previous meeting.

(2) List of companies to which extension of time to issue balance of shares has been granted without reference to the Committee.

(3) Applications from companies for issue of capital etc.-,

(i). The Vysya Mercantile Company Ltd.,(Closepet), Ramanagaram.
(ii) The Standard Brick and Tile Company (Yelahanka) Ltd.
(iii) The Natarajan Bank Ltd., Civil Station, Bangalore.
(iv) The Mandyam Banking and Insurance Co.,Ltd.,Mysore.
(v) The Mysore Vegetable Oil Products Ltd.
(vi) The Batliboi Ltd., Bangalore City.

Agenda.

1. Action taken by Government on the recommendations the Committee at the previous meeting.

2. List of companies to which extension of time toissue balance of shares has been granted without reference to the Committee.

3. Applications by companies for issue of capital etc.:

   (i) The Vysya Mercantile Company Ltd.(Closepet), Ramanagaram.

   (ii) The Standard Brick and Tile Company (Yelahanka) Ltd

   (iii) The Natarajan Bank Ltd., Civil Station, Bangalore.

   (iv) The Mandayam Banking & Insurance Co.,Ltd.,Mysore.

   (v) The Mysore Vegetable Oil Products Ltd.

   (vi) The Batliboi Ltd., Bangalore City.

Swades Leather Mills Ltd, Bangalore
Application for subdivision of its Capital & the consequent

15-11-48
6-2-49
2680
31-12-48
5080

Agenda.

1. Action taken by Government on the recommendations of the Committee at the previous meeting.

2. List of companies to which extension of time toissue balance of shares has been granted without reference to the Committee.

3. Applications by companies for issue of capital etc.:

(i) The Vysya Mercantile Company Ltd.(Closepet), Ramanagaram.

(ii) The Standard Brick and Tile Company (Yelahanka) Ltd

(iii) The Natarajan Bank Ltd., Civil Station, Bangalore.

(iv) The Mandayam Banking & Insurance Co.,Ltd.,Mysore.

(v) The Mysore Vegetable Oil Products Ltd.

(vi) The Batliboi Ltd., Bangalore City.

Swades Leathercrafts Ltd, Bangalore
Application for whitesalion extra capital & the collected

15-11-48

6-2-49

Rs 2600

31-12-48 Rs 2080

Action taken by Government on the recommendations of the Committee at the previous meeting.

| Sl. No. | Name of the Company. | Recommendations of the Committee. | Orders of Government. |
|---|---|---|---|
| 1. | The Travancore Rayons Ltd. | The Committee resolved that the request of the company for the issue of further capital of Rs.50/- lakhs be granted. | Sanctioned as recommended by the Committee. |
| 2. | The Rodier Textile Mil Ltd. | The Committee resolved that the request of the company for issue of capital of Rs.1½ crores be granted subject to the receipt of Memorandum & Articles of Association. | The Company has sent the Memorandum & Articles of Association. A copy of the resolution passed by the Board of Directors regarding the increase of capital which was called for has not yet been received. A reminder has been issued. |
| 3. | The Margarine & Refined Oils Co.Ltd. | The Committee resolved that permission asked for by the company to issue a further capital of Rs.5 lakhs be granted subject to the condition that the action of the Board of Directors is approved by the General Body and a copy of the resolution sent accordingly. | After copy of the General Body's resolution as suggested by the Committee was resolved, the request of the company was sanctioned. |
| 4. | The Mysore Kirloskar Ltd., Harihar. | The Committee resolved that the request of the company to raise a further authorised capital of Rs.15 lakhs and issue therefrom a capital of Rs.5 lakhs be granted subject to the condition that the approval of the General Body is obtained for the issue of further capital as desired by the company. | A copy of the resolution passed by the General Body was received and the request of the company was sanctioned. |
| 5. | The Chitaldrug Savings Bank, Ltd. | The Committee resolved that permission be granted to the Bank for the issue of a further capital of Rs.1½ lakhs. | Permission granted. |

List of companies to which extension of time to issue balance of shares has been granted without reference to the Committee.

| Name of the company or Bank. | Amount of capital. | Period of extension |
|---|---|---|
| 1. Sri Shankara Textile Mills Ltd | Rs.30 lakhs. | As resolved by the Committee extension of time granted to the Mills for a period of six months from 15-11-48 was withdrawn. The Managing Agents subsequently urged that they had executed the documents and requested that the ban might be lifted. The Development Secretariat also stated that the document executed by the Managing Agents was in accordance with the Memorandum & Articles of Association. The order sanctioning extension of time was accordingly restored on 2-6-49. The company has again made a request for further extension of time and this is under consideration in consultation with the Development Sectt. |
| 2. The S.M.S.A. Bank. Ltd. | Rs.70,000 | Extension of time for six months from 12-4-49 was granted. |
| 3. Cauvery Paper Mills & Forest Industries Ltd. | Rs.15 lakhs in Mysore State. | Extension of time for six months from 1-6-49 was granted. |
| 4. The Devanga Bank Ltd., Bangalore City. | Rs.1,40,670 | Extension of time from 1-7-49 to 31-1-1950 was granted. |

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The Vysya Mercantile Company Ltd.,(Closepet) Ramanagaram.

- - - - -

This is a public limited company incorporated with an authorised capital of Rs.50,000/- in the year 1930 with the object of doing banking business in general. By 1944 it had at its credit a paid-up capital of Rs.20,000/-. In December 1944 sanction of Government was obtained by the company to issue a further capital of Rs.30,000/-. At present the company's authorised, subscribed and paid-up capital is Rs.50,000/-. The Board of Directors consists of-,

Messrs:

1. H.Narayana Rao, Pleader, Closepet.
2. C.S.Nagappa, Land Lord & Merchant, Closepet.
3. K.Subba Rao, B.A.,LL.B., Advocate, Closepet.
4. K.M.Ramalingiah Setty, Land Lord & Merchant,Closepet.
5. M.Krishniah Reddy, Merchant, Closepet.
6. S.Chandrabhan Singh,Government Book Depot,Closepet.
7. K.L.S.Nagappa Setty, Banker, Closepet.
8. B.R.Ramakrishniah Setty, Cloth Merchant, Closepet.
9. L.C.Sreenivasiah, Cloth Merchant, Chennapatna.
10. B.V.Venkatachalapathy Setty, Jeweller, Kankanahalli.

The company now states that it has recently opened two more branches one at Channapatna and the other at Kankanhalli and that the present paid-up capital of Rs.50,000/- is found insufficient to stabilise their position. The company has therefore proposed to increase its authorised capital from Rs.50,000 to Rs.200,000 and to issue against this a further capital of Rs.50,000 consisting of 500 shares of 100 eachthe issue price being Rs.110/-.

A copy of the special resolution passed in the extraordinary general meeting of the company held on 19-12-48 regarding the increase of capital to Rs.2 lakhs has also been forwarded by the company.

According to the companies Act also the subscribed capital should not be less than half of the authorised capital and the paid up capital should not be less than half of the subscribed capital.

The Registrar of Joint Stock Companies who was consulted has expressed the opinion that from the Balance Sheet of the company as on 31-12-48 it is seen that the company has made a steady progress in all directions and that the Bank's request for issue of shares valued at Rs.50,000/- may in his opinion be sanctioned.

The request of the company is for consideration by the Committee.

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## The Standard Brick & Tile Company (Yelahanka) Ltd.

The Standard Brick andTile Co.(Yelahanka) Ltd., is a private limited company with an authorised capital of Rs.5 lakhs. The issued and paid up capital of the company according to the Balance Sheet as on 30-6-48 is Rs.3,75,000/-. The total of the assets side of the Balance Sheet is Rs.6,10,679/-. In the general reserve account there is a sum of Rs.97,193 and odd.

The Board of Directors consists of the following gentlemen:

Rao Bahadur B.S.Tripurantaka Mudaliar.
Rao Bahadur Dr. M.R.Guruswamy Mudaliar.
Sri A.N.Natarajan.
Sri V.S.Natarajan.
Sri V.S.Sundaramurthy.

As the company's capital compared to its assets was considered to be very low, the above Board of Directors resolved at a meeting held on 9-12-48 that a sum of Rs.2,806-7-7 be transferred from undistributed profits of 1947-48 to the Reserve Fund making it Rs.one lakh and that this amount be utilised to issue bonus shares in the proportion of one sharefor every three shares held by the shareholders on1-1-48, as per enclosed list subsequently furnished by the company. A copy of the resolution passed to the above effect by the General Body of the shareholders of the company has also been sent.

It is also ascertained from the company that it has declared an interim dividend of 12% for the year 1948-49. The company has now requested sanction of Government to the resolution of the Board to issue bonus shares of the value of one lakh of rupees.

The Registrar of Joint Stock Companies has expressed the opinion that there is no objection to grant the request of the Management to issue Rs.one lakh worth of bonus shares.

It has to be noted in thisconnection that if the company is permitted to issue bonus shares as proposed by it, the entire Reserve Fund will be spent, leaving no balance at all.

The above request of the company is for consideration by the Committee.

The Standard Brick & Tile Co.(Yelahanka) Ltd.,Yelahanka.

Summary of share capital as on 1-1-1948.

| | | | Rs. |
|---|---|---|---|
| 1. Mr. V.S.Sundaramurthy. | - | 1030 | 1,03,000 |
| 2. Rao Bahadur B.S.Tripurantaka Mudaliar. | | 50 | 5,000 |
| 3. Sri A.N.Natarajan | - | 50 | 5,000 |
| 4. Mrs. M.Andal. | - | 83 | 8,300 |
| 5. Mrs. C.Radha Bai Ammal. | - | 36 | 3,600 |
| 6. Mrs. S.Radhabai Ammal. | - | 132 | 13,200 |
| 7. Sri.V.S.Natarajan. | - | 346 | 34,600 |
| 8. Rao Bahadur Dr.M.R.Guruswamy Mudaliar. | | 189 | 18,900 |
| 9. Ratnavalli & Others. | - | 137 | 13,700 |
| 10. Sri N.Shankar. | - | 342 | 34,200 |
| 11. Sri N.Sundar. | - | 342 | 34,200 |
| 12. Dayanidhi. | - | 263 | 26,300 |
| | Total - | 3000 | 3,00,000 |

It is ascertained that the company has declared 12 per cent towards interim dividend.

The Natarajan Bank Limited, Civil Station, Bangalore.

The Natarajan Bank Ltd., Civil Station, Bangalore, was registered in 1933 under the Indian Companies Act VII of 1913 with an authorised capital of Rs.20,000 divided into 800 shares of Rs.25 each. Out of those 800 shares 686 shares of the value of Rs.17,150/- were disposed of up to 15th August 1948. Of the remaining 114 shares, 23 were issued in November and December 1948.

As the capital issue rules in force in Mysore became applicable to the Civil Station from the 15th of August 1948, the Registrar of Joint Stock Companies has taken objection to the issue of 23 shares made by the Bank after the 15th August 1948. The Bank states that there was no intention of contravening the rules but permission was not taken thinking that it was a question of issuing the balance of shares out of the shares previously thrown open to the public. It is therefore now requested that this mistake may be condoned and permission granted for the issue of the balance of 91 shares of the value of Rs.2,275/-.

The above request of the company is for consideration by the Committee.

# The Mandayam Banking & Insurance Co.,Ltd.

The Mandayam Banking & Insurance Co.,Ltd., was registered in 1937 with an authorised and issued capital of Rs.one lakh consisting of 5000 shares of Rs.20/- each. Its place of business is Mysore City.

The Board of Directors consists of the following gentlemen:

Sri R.Tirunarana Iyengar, B.A., Retd. Asst. Commr.,Mysore.

Sri G.R.Josyer, M.A.,F.R.E.S.,Author & Publisher,Mysore.

Sri M.Venkatakrishnaiya, B.A.,LL.B., Advocate, Mysore.

Sri R.A.Sampathkumarachar, B.A.,Retd.,Inspector of Education, Mysore.

The Bank commenced its business with a share capital of Rs.2,610/- It is stated that as it was able to carry on business without much capital and that in the meantime as the capital control order came into force, collection of shares was not pursued. The Balance Sheet of the bank as on 31-12-48 shows that the company has subscribed and paid up capital of Rs.5,280/- and 2,610/- against an authorised capital of Rs.one lakh. But according to the present Companies Act the subscribed capital should not be less than Rs.50,000/- half of the authorised capital of Rs.one lakh, and the paid up capital should not be less than half of the subscribed capital.

The company has now requested sanction to issue further capital up to Rs.50,000/-. The Registrar of Joint Stock Companies has also expressed his opinion in favour of the Bank's request.

The request of the bank is for consideration by the Committee.

## The Mysore Vegetable Oil Products Ltd.

The Mysore Vegetable Oil Products Ltd., is a public limited company registered in Mysore State with its Head Office in Bangalore City. Its authorised and subscribed capital according to the Balance Sheet as on 30th June 1948 are Rs.10 lakhs and Rs.8,99,610/- respectively. The subscribed capital includes the bonus shares also issued so far.

With regard to the bonus share the company states that in accordance with the resolution passed by the company on the 15th Novr. 1947, a sum of Rs.3 lakhs was capitalised out of the Reserve Fund. Out of this capitalised sum 29,969 shares of Rs.10 each were already issued with a balance of 31 shares remaining unallotted.

Now the company has at the instance of the Registrar of Joint Stock Companies made the following requests to the Government.

(1) To condone the irregularity committed by oversight in the issue of one bonus share of Rs.10/- on 5-4-49 i.e., after the issue of notification No.F.4456/G.F.20-48-7 dated 15-11-48 directing that the exemption granted in G.O.No.Fl.5950/G.F.32-45-184 dated 7-2-1946 issued under Rule 94-A of the Defence of India Rules as applied to Mysore does not apply to the bonus shares issued by a company.

(2) To accord sanction to the issue of the remaining 31 shares of the nominal value of Rs.10/- each.

The Registrar of Joint Stock Companies who was consulted in the matter has expressed his opinion as follows:

> "The action of the Board of Directors in having issued on 5-4-49 one bonus share after the issue of Government Order No.Fl. 4456/G.F.20-48-7 dated 15-11-48 may be condoned.
>
> "The request of the company for permission to issue the balance of 31 bonus shares may be granted."

The request of the company is for consideration by the Committee.

Batliboi Ltd., Engineers & Machinery Merchants, Bangalore City.

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This is a private limited company incorporated in the Mysore State in 1942. It carries on its business in Bangalore City. The Company deals with the business of importing heavy and light machinery from overseas as also indegenous machinery, and all engineering requirement in general.

The subscribed and paid up capital of the company according to the Balance Sheet of the company for the year ended 30-6-48 amounted to Rs.5,12,000/-. The Reserve Fund including a sum of Rs.1,05,000 transferred from the profits of the year stood at Rs.3,86,000/-.

With a view to increasing the capital the Directors of the company passed a special resolution at an extra ordinary general meeting of the company held on 15-3-49 at Bangalore that a sum of Rs.3,84,000 be capitalised out of the Reserve of Rs.3,86,000 and the share capital of the company be increased from Rs.5,12,000 to Rs.8,96,000 subject to issuing to every shareholder three bonus shares against four shares previously held by him.

The company adds further that genuinely under the impression that any capital issue not being in excess of Rs.5 lakhs need not be referred to the Government for previous approval, they began to allot shares and submitted in accordance with the provisions of the Act the return of allotment to the Registrar. They were then pointed out by the Registrar that the issue of bonus shares out of the profits of the company required sanction of Government under Government Order No.Fl.4456/G.F.20-48-7 dated 15-11-48. Thereafter having suspended the issue of the relative share certificate to the shareholders, the company has requested Government to condone the action of having issued bonus shares without previous permission and to accord sanction for the issue of the aforesaid bonus shares amounting to Rs.3,84,000/-.

The Registrar of Joint Stock Companies who was consulted in the matter has expressed the opinion that the request of the company may be granted.

It has to be noted that if as proposed by the company 3 bonus shares against 4 shares held by every shareholder are allowed, a sum of Rs.3,84,000 will be utilised out of the Reserve of Rs.3,86,000 leaving a small balance of Rs.2,000 only. If the Committee approves, it will be well in the interest of the company to restrict the number of bonus shares from 3 to 2 only.

The request of the company is put up for consideration by the Committee.

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## Suedes and Leatherettes Limited, Bangalore.

### Application for utilisation of the capital to be collected.

In Government Order No.Fl.5093/G.F.30-46-60 dated 6-1-47 the Suedes and Leatherettes Ltd., were given consent by the Government to the issue of capital to the extent of Rs.16.25 lakhs out of an authorised capital of Rs.25 lakhs. The company was permitted to utilise 10% or Rs.1,62,500 of the issued capital for its normal expenses. The balance of capital to be realised was required to be invested as prescribed by the Government. The money invested could be utilised for the capital and other similar requirements of the company with the previous approval of Government.

On three previous occasions the company approached Government to permit it to utilise the money collected to meet its urgent needs like purchase of land, buildings, machinery etc., After examining the needs of the company release of capital was made as detailed below:-

| | | |
|---|---|---|
| In April 1948 | - | Rs.4,73,000 |
| " August " | - | 4,93,250 |
| " April 1949 | - | 3,59,235 |
| Total | - | Rs.13,25,485 |

The company now states that against the total amount of Rs.13,25,485 released by Government so far, the expenses have amounted to Rs.14,91,573. It is further stated that for the requirements noted below a sum of Rs.6,47,515 is required urgently:

| | | |
|---|---|---|
| To Managing Agents for advances | - | Rs.1,66,000 |
| Buildings ... | - | 1,64,000 |
| Machinery ... | - | 3,00,000 |
| Establishment and other expenses | - | 17,515 |
| Total amount required to be released | - | Rs. 6,47,515 |

To meet the above requirements, the company is said to be collecting a sum of Rs.6,47,515 as follows:

| | | |
|---|---|---|
| Rs.1,54,265 | - | out of the previous calls. |
| Rs.4,93,250 | - | A final of annas four per rupee is made. |

Information has not been furnished by the company as regards the amount already collected out of the two calls above referred to. It is however urged that in view of the urgency of the situation the company may be permitted to utilise funds to the extent of Rs.6,47,515 as and when funds are collected against the calls made.

It may not perhaps be desirable to give wholesale permission without ascertaining the amounts collected from time to time. If approved, this may be put up for consideration by the Committee at the meeting to be held to-morrow.

Proceedings of the meeting of the Informal Committee for Capital Issue held in the Chambers of the Minister for City Municipalities & Muzrai on Saturday the 30th July 1949 at 3.30 P.M.

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Present:

1. Rajaseevasakta
   P. Subbarama Chetty,
   Minister for City Municipalities & Muzrai - Chair.

2. Sri M.Shamanna, M.A.,
   Financial Secretary to Government.

3. Sri B.G.Puttaswami, B.A.,B.L.,
   Secretary to Government, Law Department.

4. Sri B.T.Kempanna, B.A.,
   Secretary to Government, Development Department.

5. Sri J.B.Mallaradhya, M.A.,
   Commissioner for Economic Development & Planning.

6. Janab M.Hayath, B.E.,B.E.E.E.,
   Chief Electrical Engineer.

7. Sri A.V.Krishnamurthi, B.A.,B.Com.,
   Deputy Commissioner of Income-tax
   Bangalore District (Urban).

8. Sri G.A.Narayana Setti, B.A.,LL.B.,
   Asst. Secretary to Government,
   Revenue Branch. Secretary

Absent.

1. Sri B.G.A.Mudaliar, B.A.,B.Sc.,etc.
   Director of Industries & Commerce in Mysore.

2. Sri D.K.Somappa, B.A.,
   Dy. Inspector-General of Police, Bangalore.

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The Committee met at 3.30 P.M. and considered the following subjects:

I. Action taken by Government on the recommendations of the Committee at the previous meeting.

Recorded.

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II. List of companies to which extension of time to issue balance of shares has been granted without reference to the Committee.

While recording the statement it was brought to the notice of the Committee that Messrs: Shankara Textile Mills Ltd., Davangere, had again requested for further extension of time for one year from 15-8-49 for the issue of balance of capital. The Chairman informed the Committee that he had passed orders in the connected file that extension of time for 7½ months, i.e., till the end of December 1949, instead

one year asked for, may be granted subject to the condition that no further extension of time should be asked for by the company. The Committee agreed to the Chairman's decision.

In this connection, some of the members of the Committee suggested that in the list of companies placed before the Committee to which extension of time to issue balance of shares was granted without reference to the Committee particulars of progress made by the companies in collecting share capital during the period of extension granted may also be given. This was noted.

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**3. Applications from companies for issue of capital, etc.**

1. The Surya Mercatile Co., Ltd. (Clocepet) Ramnagaram.

This is a public limited company with Head Office at (Clocepet) Ramnagaram and branch at Channapatna and Clocepet. At present the company's authorised, subscribed and paid up capital is Rs.50,000/- and this is found insufficient. The company has requested permission to increase its authorised capital from Rs.50,000/- to Rs.2 lakhs and to issue against this a further capital of Rs.50,000/- consisting of 500 shares of Rs.100/- each, the issue price of each share being Rs.110/-.

The Committee resolved that the request of the company may be granted.

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2. The Standard Brick & Tile Co.(Yelahanka) Ltd., Yelahanka.

This is a private limited company with an authorised capital of Rs.5 lakhs and the issued and paid up capital being Rs.3,75,000/-. The General Reserve Fund amounts to Rs.97,193/- and odd. The company has now requested sanction of Government to the resolution passed on 3-12-48 by the Board of Directors of the company to the effect that a sum of about Rs.2,807/- be transferred from the undistributed profits of 1947-48 to the Reserve Fund thus raising it to Rs.one lakh and that this amount be utilised for issuing Bonus Shares in the proportion of one share for every three shares held by the shareholders on 1-1-48.

To facilitate discussion on the subject, the Secretary brought to the notice of the Committee the guidance notes regarding capital issue received from the Under Secretary to the Government of India in his

letter dated 24-1-49 conveying the following instructions in the matter:

"(4) Bonus Shares - Capitalisation of reserves created by writing up the value of the assets is not approved. Capitalisation of reserves built up out of profits is permitted provided that the balance of the reserves after capitalisation bears a reasonable proportion to the increased paid up capital."

The Committee suggested that a reference be made to the Government of India with a request to enlighten on the point as to what extent the capitalisation of reserves built up out of profits can be permitted and what proportion should the capitalised amount reasonably bear to the increased paid up capital.

It was resolved that the consideration of this subject be deferred pending receipt of the above information from the Government of India.

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3. The Untarajan Bank Ltd., Civil Station, Bangalore.

This Bank was registered in 1933 under the Indian Companies Act VII of 1913 with an authorised capital of Rs.20,000/- divided into 800 shares of Rs.25 each. Out of these 800 shares, 686 shares of the value of Rs.17,150/- were disposed of up to 15th August 1948 and that 23 shares were issued in November and December 1948. But the Capital Issue Rules in force in Mysore having become applicable to the Civil Station, Bangalore, from 15th August 1948, the Registrar of Joint Stock Companies objected to the issue of 23 shares after 15th August 1948. The Bank has therefore now requested that its mistake in having issued shares after 15-8-48 without previous approval of Government may be condoned and permission granted for the issue of the balance of 91 shares of the value of Rs.2,275/-.

Resolved that the action of the Bank in having issued 23 shares after 15th August 1948 be condoned and that permission be granted for the issue of the balance of 91 shares of the value of Rs.2,275/-.

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4. The Mandyam Banking & Insurance Co.,Ltd.,Mysore City.

This company was registered in 1937 with an authorised and issued capital of Rs.one lakh consisting of 5000 shares of Rs.20/- each. It has now a subscribed capital of Rs.5,280/- and a paid up capital of Rs.2,610/-. But according to the Companies Act, as the subscribed capital should not be less than Rs.50,000/- i.e., half of the authorised capital of Rs.one lakh, and the paid up capital should not be less than half of the

subscribed capital, the company has requested sanction to issue further capital up to Rs.50,000/-.

Resolved that the request of the company to issue further capital up to Rs.50,000/- be granted.

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6. The Mysore Vegetable Oil Products Ltd., Bangalore City.

This is a public limited company with an authorised capital of Rs.10 lakhs and a subscribed capital of Rs.8,99,610/- including the Bonus Shares so far issued. As regards the Bonus Shares issued, the company states that in accordance with the resolution passed by the company on 18-11-47 a sum of Rs.3 lakhs was capitalised out of the Reserve Fund and that out of this capitalised sum 29,969 shares of Rs.10/- each were issued leaving 31 shares unallotted. The company has now at the instance of the Registrar of Joint Stock Companies requested Government (1) to condone the irregularity committed by oversight in the issue of one Bonus Share of Rs.10/- on 5-4-49, i.e., after the issue of Notification No.Fl.4456/G.F.20-48-7 dated 15-11-48 directing that the exemption granted in Government Order No.Fl.5950/G.F.32-48-184 dated 7-2-48 does not apply to the Bonus Shares issued by a company and (2) to accord sanction to the issue of the remaining 31 shares of the nominal value of Rs.10/- each.

Resolved that the irregularity in having issued one Bonus Share of Rs.10/- after the issue of Government Notification of 18-11-48 withdrawing exemption regarding Bonus Shares may be condoned, and that permission may be given to the issue of the remaining 31 shares of the value of Rs.10/- each.

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6. The Batliboi Ltd., Bangalore City.

This is a private limited company incorporated in Mysore State in 1942 with an a subscribed and paid up capital of Rs.8,12,000/- and a Reserve Fund of Rs.3,88,000/-. With a view to increasing the capital, the company passed a resolution at an extraordinary general meeting to capitalise a sum of Rs.3,84,000/- of the reserves and add on the same to the share capital of Rs.8,12,000/-, thus raising it to Rs.8,96,000/- subject to issuing to every shareholder three Bonus

against 4 shares previously held by each shareholder. The company adds further that being under the impression that any capital issue not being in excess of Rs.5 lakhs need not be referred to Government for permission, they began to allot shares and submitted in accordance with the provisions of the Act the return of allotment to the Registrar, who pointed out that the issue Bonus Shares out of the profits of the company required sanction of Government under Government Order No.Fl.4456/G.F.20-48-7 dated 15-11-48. Thereupon the company suspended the issue of the relative share certificates to the shareholders. It has now requested that the action taken in having issued Bonus Shares without the approval of Government be condoned and permission given for the issue of Bonus Shares amounting to Rs.3,84,000/-.

Resolved that as the request of this company is similar to the request of the Standard Brick & Tile Co.(Yelahanka) Ltd., the disposal of the question be deferred pending receipt of a reply from the Government of India.

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7. Sudoes & Leatherettes Ltd., Bangalore.

In January 1947, this company was given consent by the Government to call capital to the extent of Rs.16.25 lakhs out of an issued capital of Rs.20 lakhs against an authorised capital of Rs.25 lakhs. It was also permitted to utilise 10% or Rs.1,62,500 of the called capital for its normal expenses. On subsequent representations made, the company was however permitted to utilise the money collected to the extent of Rs.13,25,485 to meet its urgent needs like purchase of land, buildings, machinery, etc. It is now stated that against the total sum of Rs.13,25,485 released by Government so far, the expenses have amounted to Rs.14,91,873/-. Besides, a further sum of Rs.6,47,515 is stated to be required urgently to meet the following items:

| | | |
|---|---|---|
| To Managing Agents for advances | - | Rs.1,66,000. |
| Buildings. ... | - | 1,64,000. |
| Machinery. ... | - | 3,00,000. |
| Establishment and other expenses.- | | 17,515. |
| | | Rs. 6,47,515. |

To meet the above requirements, the company is said to be

collecting a sum of Rs.6,47,515 as follows:-

Rs.1,54,233 - out of the previous calls.
Rs.4,93,280 - a final call of annas four per rupee is made.

Hence permission is now sought by the company to utilise to the extent of Rs.6,47,515 as and when funds are collected against the calls made.

Resolved that in view of the urgency of the situation, the company be permitted to utilise capital to the extent of Rs.6,47,515 as and when funds are collected against the calls made.

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The meeting terminated at 4.30 P.M.

(Sd.) P.Subbarma Chetty.
Chairman.

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"C O P Y"

C. A. Narayana Rao
Secretary 16/8

Meeting held on 31/12/49

Sri G.A.Narayana Setti, B.A., LL.B.,
Asst. Secretary to Government &
Secretary, Capital Issue Committee.

Office of the Secretary,
Capital Issue Committee,
Old Public Offices,
Dated, Bangalore, December 1949.

No.F1.

Dear Sir,

I am desired to state that a meeting of the Informal Committee for Capital Issues will be held on Saturday the 31st December 1949 at 3.30 P.M. in the Chambers of the Minister for City Municipalities & Muzrai. You are requested kindly to attend the meeting.

The Agenda with other particulars will be sent separately.

Yours sincerely,

Secretary.

Meeting held on 31/12/45

# A G E N D A.

1. Action taken by Government on the recommendation of the Committee at the previous meeting.

2. List of companies to which extension of time to issue balance of shares has been granted without reference to the Committee.

3. Perusal of the reply received from the Government of India regarding the issue of bonus shares.

4. Applications from companies for issue of capital etc.:

   (a) The Standard Brick & Tile Co.(Yelahanka) Ltd.Yelahanka.

   (b) The Hatlibai Ltd., Bangalore City.

   (c) The Sringeri Sri Sarada Bank Ltd.

Action taken by Government on the recommendation of the Committee at the previous meeting.

| Sl. No. | Name of the Company. | Recommendations of the committee. | Orders of Government. |
|---|---|---|---|
| 1 | The Vijaya Corporation Ltd., Cheapest, Bangalore. | The Committee resolved that the request of the company to increase its authorised capital from Rs.50,000/- to Rs.2 lakhs and to issue against this a further capital of Rs.50,000/- consisting of 500 shares of Rs.100/- each at a premium of Rs.10/-, may be granted. | Sanctioned as recommended by the Committee |
| 2 | The Saraogan Bank Ltd., Civil Station, Bangalore. | Resolved that the action of the bank in having issued 50 shares after 15th August 1950 without the permission of Government be condoned and that permission be granted for the issue of balance of 91 shares of the value of Rs.9,270/-. | condoned and permission to issue the balance of shares was granted. |
| 3 | The Bangalore Banking & Insurance Co., Ltd., Bangalore City. | Resolved that the request of the company to issue further capital up to Rs.50,000/- be granted. | Sanctioned. |
| | The Mysore Vegetable Oil Products Ltd., Bangalore City. | Resolved that the irregularity in having issued one bonus share of Rs.10/- after the issue of Government notification of 15-11-49 withdrawing exemption regarding bonus shares may be condoned, and that permission may be given to the issue of the remaining 91 shares of the value of Rs.10/- each. | Condoned the irregularity and permission granted to issue the remaining shares. |
| 4 | Madras & Southern Mahratta Railway Co., Bangalore. | Resolved that in view of the urgent situation, the company may be permitted to utilise capital to the extent of Rs.6,47,510/- as and when funds are collected against calls made. | Permission granted as recommended by the Committee. |

List of companies to which extension of time to issue balance of shares has been granted without reference to the Committee.

| Name of the Company. | Amount of Capital. | Progress made in the collection of capital. | Extension of time granted. |
|---|---|---|---|
| | Rs. | | |
| 1. The Asiatic Govt. Security Life & General Assurance Co.,Ltd. | 2,69,365 | A capital of Rs.1,01,215/- was reported to have been collected up to end of 30-9-1949. To collect the balance of Rs.1,67,150/- extension of time till 5-1-1951 was asked for. The company also intimated that this balance of capital would be realised early. | Extension of time till the end of December 1949 has been granted. |
| 2. The Peoples Bank Ltd., Thirthahalli. | 3,50,000 | Permission was granted to issue capital on 20-4-48. The term of sanction to realise capital expired after one year; i.e. by 20-4-49. In October 49, the company reported that it had collected only Rs.35,000/- and requested permission to realise the balance. | Extension of time till 20th April 1950 has been granted. |
| 3. The Cauvery Paper Mills & Forest Industries Ltd., Bangalore. | 16,00,000 (in Mysore State) | Permission to issue capital to the extent of Rs.15 lakhs was given in December 1947. Up to 1st June 1949, the capital collected was Rs.8,91,340/-. From 1st June up to 1st December 1949 Rs.26,390/- has been collected. The balance of capital to be collected is Rs.6,22,270/-. | Extension of time from 1-12-49 to 25-8-1950 has been granted. |

No.F.2(2)-CCI/49
Government of India,
Ministry of Finance,

Office of the [illegible],
Central Secretariat, South Block, Room No.204,
New Delhi, the 12th September 1949.

Shri B.A. Master, M.A.,B.L., Bar-at-law,
Deputy Controller of Capital Issues,

The Secretary,
The Government of [illegible] Department,
Law Department, Control and Revenue Secretariat,
Bangalore.

Subject:- Issue of bonus shares by capitalising Reserves.

Sir,

With reference to your letter No.Fl.972 dated the 17th August 1949, I am directed to say that the present policy of the Government of India in regard to the issue of bonus shares is as follows:-

(1) Issue of bonus shares in the form of preference shares is not ordinarily allowed.

(2) Consent for the issue of bonus shares in the form of ordinary shares if granted, if after capitalisation, the ratio of the ordinary to reserves will bear a ratio of at least 20% to the increased paid up capital.

This test is relaxed in the case of private limited companies, which are carrying on non-industrial business.

Yours faithfully,

(B.A.) A. Master.

Deputy Controller of Capital Issues.

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COPY.

## The Standard Brick & Tile Co.,Ltd., Yelahanka.

The application of this company for granting permission for the issue of bonus shares of the total value of Rs.1 lakh by capitalising its reserves was considered by the Committee at the last meeting. (A copy of particulars of the company furnished at the last meeting is put up)

2. In accordance with the decision arrived at by the Committee at the last meeting, a reference was made to the Government of India with a request to enlighten on the point as to what extent the capitalisation of reserves built up out of profits can be permitted and what proportion should the capitalised amount reasonably bear to the increased paid-up capital. The Deputy Controller of Capital Issues, New Delhi, has replied in his letter of 12-8-49 that the consent for the issue of bonus shares in the form of ordinary shares may be granted, if after capitalisation the balance of the company's reserves will bear a ratio of at least 20% to the increased paid-up capital.

3. The paid-up capital of this company is stated to be Rs.3,75,000/-. The proposal of the company is to utilise a sum of Rs.97,193 in the general reserve account together with a sum of Rs.2,807/- to be transferred from the undistributed profits of 1947-48 for issuing bonus shares to the total extent of Rs.1 lakh - leaving no balance in the reserve account. According to the Government of India principle if the issue of bonus shares for Rs.1 lakh has to be permitted, there must be a balance of 1/5 of Rs.4,75,000 or Rs.95,000 left as balance in the reserve.

4. In the above circumstances, whether the request of the company for the issue of bonus shares may be refused is for consideration by the Committee.

## The Standard Brick & Tile Company (Yelahanka) Ltd.

The Standard Brick & Tile Co.(Yelahanka) Ltd., is a Private limited company with an authorised capital of Rs.6 lakhs. The issued and paid up capital of the company according to the Balance Sheet as on 30-6-48 is Rs.3,75,000/-. The total of the assets side of the Balance Sheet is Rs.6,10,679/-. In the general reserve account there is a sum of Rs.97,193/- and odd.

The Board of Directors consists of the following gentlemen:

Rao Bahadur M.G.Tripurantaka Mudaliar.
Rao Bahadur Dr.M.R.Guruswamy Mudaliar.
Sri A.N.Natarajan.
Sri V.C.Natarajan.
Sri V.S.Sundaramurthy.

As the company's capital compared to its assets was considered to be very low, the above Board of Directors resolved at a meeting held on 9-12-48 that a sum of Rs.2,806-7-7 be transferred from the undistributed profits of 1947-48 to the Reserve Fund making it Rs.one lakh and that this amount be utilised to issue bonus shares in the proportion of one share for every three shares held by the shareholders on 1-1-45, as per enclosed list subsequently furnished by the company. A copy of the resolution passed to the above effect by the General Body of the shareholders of the company has also been sent.

It is also ascertained from the company that it has declared an interim dividend of 12% for the year 1948-49. The company has now requested sanction of Government to the resolution of the Board to issue bonus shares of the value of one lakh of rupees.

The Registrar of Joint Stock Companies has expressed the opinion that there is no objection to grant the request of the Management to issue Rs.one lakh worth of bonus shares.

It has to be noted in this connection that if the company is permitted to issue bonus shares as proposed by it, the entire Reserve Fund will be spent, leaving no balance at all.

The above request of the company is for consideration by the Committee.

The Standard Brick & Tile Co.(Volchanka) Ltd., Volchanka.

Summary of share capital as on 1-1-1946.

| | | | Rs. |
|---|---|---|---|
| 1. | Dr. V.S.Sundaramurthy. | 1030 | 1,000 |
| 2. | Rao Bahadur B.S.Tripurantaka Mudr. | 50 | 1,000 |
| 3. | Sri A.N.Natarajan. | 50 | 1,000 |
| 4. | Mrs. N.Ammal. | 83 | 8,300 |
| 5. | Mrs. C.Radha Bai Ammal. | 35 | 3,000 |
| 6. | Mrs. G.Radhabai Ammal. | 128 | 12,800 |
| 7. | Sri V.P.Natarajan. | 246 | 24,000 |
| 8. | Rao Bahadur Dr. M.A.Muthiah Mudaliar. | 180 | 18,000 |
| 9. | Ratnavalli & Others. | 137 | 13,700 |
| 10. | Sri M.Shankar. | 242 | 24,000 |
| 11. | Sri M.Sundar. | 342 | 34,200 |
| 12. | Sri Dayanidhi. | 833 | 83,000 |
| | Total. | 3000 | 3,00,000 |

It is ascertained that the company has declared 12 per cent towards interim dividend.

Batliboi Ltd., Engineers & Machinery Merchants,
Bangalore City.

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The application of this company for granting permission for the issue of bonus shares of the total value of Rs.3,84,000/- by capitalising its reserves was considered by the Committee at the last meeting. (copy of the particulars regarding the company furnished at the last meeting is put up).

2. In accordance with the decision arrived at by the Committee at the last meeting, a reference was made to the Government of India with a request to enlighten on the point as to what extent the capitalisation of reserves built up out of profits can be permitted and what proportion should the capitalised amount reasonably bear to the increased paid-up capital. The Deputy Controller of Capital Issues, New Delhi, has replied in his letter of 12-9-49 that consent for the issue of bonus shares in the form of ordinary shares may be granted, if after capitalisation, the balance of the company's reserves will bear a ratio of at least 20% to the increased paid-up capital.

3. The balance sheet of the company for the year 1948-49 since received shows the following particulars:

| | | Rs. |
|---|---|---|
| Authorised, issued & paid-up capital | - | 5,12,000 |
| Reserve Fund. ... | - | 3,65,000 |
| Profit. ... | - | 1,20,173 |

4. Out of the said reserve fund of Rs.3,65,000 the company now proposes to capitalise Rs.3,84,000 for the issue of bonus shares leaving a balance of Rs.2,000 in the reserve fund. But it is however stated in their letter of 24th November 1949 that the ~~xs~~ profit of Rs.1,20,173 shown in the balance sheet will be allowed to remain in reserve. But no resolution of the general body to this effect has been received so far.

5. If the probable income-tax of Rs.65,000/- to be levied on the profits is deducted, the balance of profit that remains over will come to Rs.1,15,173/-. To this amount if Rs.2,000/- remaining in the reserve is added, it will amount to Rs.1,17,173/-.

6. According to the principle enunciated by the Government of India 1/3 of Rs.8,96,000 or Rs.1,79,200 should be kept in the reserve. It is thus seen that if the company's request as now made is to be accepted, the prescribed amount in the reserve falls short of by about Rs.62,000/-.

7. In the above circumstances, whether /the request of the company for the issue of bonus shares by capitalising the reserve to the extent of Rs.3,84,000/- can be permitted is for consideration by the Committee.

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**Hallibei Ltd., Engineers & Machinery Merchants, Bangalore City.**

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This is a private limited company incorporated in the Mysore State in 1942. It carries on its business in Bangalore City. The company deals with the business of importing heavy and light machinery from overseas as also indegenous machinery, and all engineering requirement in general.

The subscribed and paid up capital of the company according to the Balance sheet of the company for the year ended 30-6-48 amounted to Rs.5,12,000/-. The Reserve Fund including a sum of Rs.1,05,000 transferred from the profits of the year stood at Rs.3[illegible]6,000/-.

With a view to increasing the capital the Directors of the company passed a special resolution at an extra ordinary general meeting of the company held on 15-3-49 at Bangalore that a sum of Rs.3,84,000/- be capitalised out of the Reserve of Rs.3,86,000/- and the share capital of the company be increased from Rs.5,12,000 to Rs.8,96,000 subject to issuing to every shareholder three bonus shares against four shares previously held by him.

The company adds further that genuinely under the impression that any capital issue not being in excess of Rs.5 lakhs need not be referred to the Government for previous approval, they began to allot shares and submitted in accordance with the provisions of the Act the return of allotment to the Registrar. They were then pointed out by the Registrar that the issue of bonus shares out of the profits of the company required sanction of Government under Government Order No.Fl.4456/C.F.30-48-7 dated 15-11-48. Thereafter having suspended the issue of the relative share certificates to the shareholders, the company has requested Government to condone the action of having issued bonus shares without previous permission and to accord sanction for the issue of the aforesaid bonus shares amounting to Rs.3,84,000/-.

The Registrar of Joint Stock Companies who was consulted in the matter has expressed the opinion that the request of the company may be granted.

It has to be noted that if as proposed by the company 3 bonus shares against 4 shares held by every shareholder are allowed, a sum of Rs.3,84,000/- will be utilised out of the Reserve of Rs.3,86,000/- leaving a small balance of Rs.2,000/- only. If the Committee approves, it will be well in the interest of the company to restrict the number of bonus shares from 3 to 2 only.

The above request of the company is for consideration by the Committee.

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## The Sringeri Sri Sarada Bank Ltd.

The Sringeri Sri Sarada Bank Ltd., was incorporated in the Mysore State as a Public Limited Company in the year 1914 with its Head Office at Sringeri and Branch Office at Koppa. The subscribed and paid up capital of the Bank is Rs.50,000/-. This is in accordance with the Memorandum & Articles of Association of the Bank (two manuscript copies of which have been sent for reference).

The Board of Directors consists of the following:-

1. Sri G.Gurumurthy Sastry B.A.,Officer-in-Charge, Sringeri Mutt, Sringeri - President.
2. Sri K.C.Chandramouli Rao, Land Lord and Rice Mill owner, Sringeri.
3. Sri Kavilkodige Subba Rao, Land Lord and Cultivator, Kavilkodige, Kaakoppa Post.
4. Sri B.Subbanna Somayaji, Merchant and Zamindar, Sringeri.
5. Sri K.Srinivasa Setty, Merchant & Land Lord, Sringeri.
6. Sri Kettihalli Venkataiah, Land Lord, Kettihalli, Sringeri Post.
7. Sri Raja Rama Rao Ramath, Merchant, Sringeri.
8. Sri K.S.Shankara Rao, Land Holder, Sringeri.
9. Sri M.S.Nagabhushana Katta, B.A.,L.L.B.,Land Lord, Muthagode, Sringeri.
10. Sri K.Chidambara Sastry, Merchant and Zamindar, Sringeri.

The Bank desires to carry on the following business:-

(1) To check inflationary trend in the economic structure of the Society.

(2) To raise the status of the Bank.

(3) To provide more facilities of Banking.

With a view to financing the above business, the bank passed a Resolution at the Special General Meeting held on 5-5-1949 to the effect that the authorised share capital of the Bank may be increased from Rs.50,000/- to Rs.5 lakhs. Against this, the Bank now proposes to issue in addition to the original capital of Rs.50,000/- a fresh capital of Rs.1,50,000/- consisting of 3000 shares of Rs.50/- each. The issue price of each share has been fixed at Rs.55/-. The premium of Rs.5/- per share to be realised is proposed to be credited to the Reserve Fund.

The Registrar of Joint Stock Companies who was consulted in the matter has stated as follows:-

"The reason urged by the Bank for increasing the capital from Rs.50,000/- to Rs.5 lakhs are very general in nature and therefore they are not capable of detailed examination.

"From the returns filed in this office, it is seen that the authorised capital of the Bank i.e., Rs.50,000/- which was

fully subscribed in 1927 stands at the same figure now, though the deposits have increased from Rs.18,056/- in 1927 to Rs.2,47,061/- in 1948. Similarly there has been increase under loans from Rs.68,624/- to Rs.2,53,602 in the same period. It may therefore be presumed that the bank's activities have increased.

"Under section 11(3)ii of the Banking Companies Act No.X of 1949, such a Bank having a branch in the same district in which it has its principal place of business, should have a paid-up capital of Rs.1 lakh inclusive of its Reserves. As the Reserves of the Bank stood at Rs.18,000/- on 30-6-1948, it should have a paid-up capital of Rs.92,000/-.

"In these circumstances, sanction of Government may be accorded for the increase of capital of the Bank by Rs.50,000/- raising the authorised capital to Rs.1 lakh."

In the above circumstances, whether permission may be granted to issue a further capital of Rs.50,000/- as against Rs.1,50,000/- asked for by the Bank is for consideration by the Committee.

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Proceedings of the meeting of the Informal Committee for Capital Issues held in the Chambers of the Minister for City Municipalities & Muzrai on Saturday the 31st December 1949 at 3.30 P.M.

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Present:

1. Rajasevasakta P.Subbarama Chetty,
   Minister for City Municipalities & Muzrai -- Chairman.
2. Sri M.Shamanna, M.A.,
   Financial Secretary to Government.
3. Sri B.S.Puttaswami, B.A.,B.L.,
   Secretary to Government, Law Department.
4. Sri B.T.Kempanna, B.A.,LL.B.,
   Secretary to Government, Development Dept.
5. Sri J.B.Mallaradhya, M.A.,
   Commissioner for Economic Development & Planning.
6. Sri G.A.Narayana Setti, B.A.,LL.B.,
   Asst. Secretary to Govt., Revenue Dept. Secretary.

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Absent:

Sri R.Ramakrishna, M.Sc.,E.E.
Director of Industries & Commerce.

Janab M. Hayath, Chief Electrical Engineer, Sri A.V. Krishnamurthi, Deputy Commissioner of Income-tax, Bangalore (Urban) and Sri Muthoji Rao Scindia, Deputy Inspector General of Police, had written expressing their inability to attend the meeting.

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The Committee met at 3.30 P.M. and considered the following subjects:-

I. Action taken by Government on the recommendations of the Committee at the previous meeting:

Recorded.

In this connection, the Chairman invited the opinion of the Committee in the matter of asking the companies to furnish information regarding the details of amount collected and expenditure incurred by them so that the Committee may know if the amount of share capital collected was properly utilised.

After some discussion,it was resolved that there would be no objection to call for information from the companies regarding the details of expenditure.

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II. List of companies to which extension of time to issue balance of shares was granted without reference to the Committee.

Recorded.

As the People's Bank Ltd., Thirthahalli, had collected only Rs.35,000/- against a capital of Rs.3,50,000/- the Committee was not satisfied with its progress.

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III. Perusal of the reply received from the Government of India regarding the issue of Bonus Shares:

The Secretary read out to the Committee the letter No.F.2(2) CCI/49 dated the 12th September 1949 received from the Deputy Controller of Capital Issues, New Delhi, which indicated the following policy of the Government of India in regard to the issue of Bonus Shares:-

(1) Issue of Bonus Shares in the form of preference shares is not ordinarily allowed.

(2) Consent for the issue of Bonus Shares in the form of ordinary shares is granted, if after capitalisation, the balance of the Company's reserves will bear a ratio of at least 20% to the increased paid-up capital.

This test is relaxed in the case of private limited companies which are carrying on non-industrial business.

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IV. Applications from companies for issue of capital, etc.

- - -

(1) The Standard Brick & Tile Co., Ltd. (Yelahanka).

- - -

This is a private limited company with an authorised capital of Rs.5 lakhs. The issued and paid-up capital of the company according to the Balance Sheet on 30-6-48 was Rs.3,75,000. In the General Reserve account there is a sum of Rs.97,193. To this a sum of Rs.2807 being the undistributed profits of 1947-48 is proposed to be added to make up the reserve to Rs.1 lakh.

The application of this company for granting permission for the issue of Bonus Shares of the total value of Rs.1 lakh by capitalising its total Reserves of Rs.1 lakh was considered by the Committee at the last meeting. In accordance with the decision then arrived at, the policy of the Government of India regarding the grant of permission to issue Bonus Shares was ascertained.

The Committee considered the request of the company in the light of the above principle and resolved that the request of the company for granting permission to issue Bonus Shares by capitalising its entire Reserves without leaving any balance at credit of the fund, cannot be granted.

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(2) Batliboi Ltd., Engineers & Machinery Merchants, Bangalore City.

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This is a private limited company with a subscribed and paid-up capital of Rs.5,12,000. The Reserve Fund including a sum of Rs.1,05,000 transferred from the profits of the year 1947-48 stood at Rs.3,86,000. The application of this company for granting permission for the issue of Bonus Shares of the total value of Rs.3,84,000 by capitalising its reserves to this extent was considered by the Committee at the last meeting. In accordance with the decision then arrived at, the policy of the Government of India regarding the grant of permission to issue Bonus Shares was ascertained. Subsequently, the company intimated in their letter dated 24-11-49 that according

to the Balance Sheet for 30-6-49 thecompany earned a profit of Rs.1,80,173 which would be allowed to remain in Reserve and urged again for the grant of permission for the issue of Bonus Shares. According to the principle enunciated by the Government of India, after capitalisation the company should retain in the Reserve 1/5 of the total increased capital viz., Rs.1,79,200. In this connection, the Secretary brought to the notice of the Committee that the resolution of the General Body was necessary for keeping in Reserve the sum of Rs.1,80,173 shown as profit in the Balance Sheet for 1948-49 and the same had not been received.

The Committee resolved that regarding the question of granting permission for issue of Bonus Shares to Messrs: Batliboi Ltd., they may be asked to send their application after General Body Meeting passes a resolution to that effect.

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(3) The Sringeri Sri Sarada Bank Ltd., Sringeri.

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This Bank is a public limited bank incorporated in the State in the year 1914 with its Head Office at Sringeri and Branch Office at Koppa. The subscribed and paid-up capital of the Bank is Rs.50,000. With a view to checking the inflationary trend in the economic structure of the Society, to raise the status of the Bank and to provide more facilities of banking, the Bank passed a resolution at the Special General Meeting held on 5-5-1949 to the effect that the authorised share capital of the Bank may be increased from Rs.50,000 to Rs.5 lakhs. Against this the Bank proposes to issue in addition to the original capital of Rs.50,000 a fresh capital of Rs.1,50,000 consisting of 3000 shares of Rs.50 each. The issue price of each share will be Rs.55/-. It is proposed to transfer the premium of Rs.5 on each share to the Reserve Fund. The Registrar of Joint Stock Companies who was consulted with regard to the Bank's request has opined that considering the circumstances of the statutory requirements of the Bank, permission may be granted to issue a further capital of Rs.50,000 thereby raising the authorised capital to Rs.1 lakh.

The Committee agreeing with the opinion of the Registrar, resolved that permission may be granted to the Bank for issuing a further capital of Rs.50,000 thereby raising the authorised capital to Rs.1 lakh.

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(4) Lastly, as desired by the Chairman, the Secretary read out the application of the Mysore Lamp Works Ltd., which contained the special resolution of the General Body requesting the grant of permission for capitalising the Reserves of Rs.3,75,000 and to issue 37500 fully paid up ordinary shares of Rs.10 each as Bonus Shares free of payment to the shareholders in the proportion of one share for each share held by them.

At this point, the Law Secretary expressed the view that as the management of the Mysore Lamp Works Ltd., has been taken over by Government, the application made by the previous management cannot now be considered at all.

After some discussion, it was resolved that under the altered circumstances that have subsequently arisen, the request of the company be not complied with. The request does not conform to the principle enunciated by the Government of India since the Reserves to the extent of Rs.3,75,000 will be utilised leaving only a sum of Rs.55,000 which represents the premium on shares and the current year's profit proposed to be transferred to the Reserves.

(Sd.) D. Subbarama Chetty.
Chairman.

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Copy
G. A. Nandy
Secretary
Capital Issue Committee

Sri G.A.Narayana Setti, B.A.,LL.B.,
Secretary.

Office of the Secretary,
Capital Issue Committee,
Old Public Offices,
Dated, Bangalore, 27th Jany. 1949.

Fl.POS 3-62

Dear Sir,

In continuation of this office letter No.Fl.6694-6703 dated the 16th December 1948, I am desired to state that the meeting of the Informal Committee for Capital Issues will be held on Saturday the 29th January 1949 at 3 P.M. in the Chambers of the Minister for City Municipalities and Muzrai. The Agenda and other particulars are enclosed herein.

Yours sincerely,

Secretary,
Capital Issue Committee.

O/C

To 1) The members/the Committee
2) Registrar, R.R.S.
3) P.A. to the Minister for City Municipalities & Muzrai

AGENDA. Secretary's Copy

1. Statement showing the action taken on the recommendations of the Committee.

2. List of companies to whom permission or extension of time to issue balance of shares remaining unsubscribed has been granted.

3. List of applications from companies for issue of capital:-

   (i) The Travancore Rayons Ltd., Travancore.

   (ii) The Rodier Textile Mills Ltd., Pondicherry.

   (iii) The Margarine & Refined Oils Co.,Ltd., Bangalore City.

   (iv) The Mysore Kirloskar Ltd., Harihar.

   (v) The Chitaldrug Savings Bank Ltd., Chitaldrug.

Action taken by Government on the recommendations of the Committee at the previous meeting held on 7th September 1948.

| Sl. No. | Name of the company. | Recommendations of the Committee. | Orders of Government. |
|---|---|---|---|
| 1. | The Mandya Bank Ltd. | The Committee resolved that the issue of an additional capital of Rs.37,550 to make up the subscribed capital to the extent of Rs.50,000, i.e., half of the authorised capital without the sanction of Government, might be considered a bonafide mistake which may be condoned and the action taken by the Bank approved. | The mistake was condoned and the action taken approved. |
| 2. | The Printers Ltd. | Request of the Company to raise the capital from Rs.5 to Rs.10 lakhs may be sanctioned. | Request granted. |
| 3. | The Asiatic Government Security Life and General Assurance Co. Ltd. | Request of the company for renewal of previous sanction for issue of shares remaining out of an additional capital of Rs.5 lakhs to be subscribed, may be granted. | Renewed for 12 months from 1-10-1948. |
| 4. | T.R.Mills Ltd. | The request of the Mills for conversion of the private company into a public limited company with an authorised capital of Rs.50 lakhs and an issued capital of Rs.25 lakhs may be sanctioned. | Sanctioned as recommended by the Committe |
| 5. | Sri Krishnarajendra Mills Ltd. | The Committee resolved that they may confirm the decision arrived at a previous meeting of issue of one bonus share for every two ~~bonus~~ shares. They added further that the request of the company to permit them to utilise the amount available in the several reserves totalling in all Rs.23,84,850/- to issue one bonus share for each existing share so as to enable the Mills to restore the share to the original ~~xxixxx~~ face value of Rs.50 from Rs.25/- to which it was reduced some years back, may be submitted for consideration by the Cabinet so that a general decision might be arrived at for the guidance of the Committee. | The question was considered by Government and orders issued in October 48 complying with the request of the Mills. |

List of companies to which extension of time to issue balance of shares has been granted without reference to the Committee.

| Name of the Company. | Amount of Capital. | Period of extension. |
|---|---|---|
| 1. The Mysore Agricultural & Allied Industries Ltd., Shimoga. | Rs.20 lakhs. | Extension of time granted for a further period of six months from 1-12-1948. |
| 2. Shri Shankara Textiles, Ltd., Davangere. | Rs.30 lakhs. | Time extended for a further period of six months from 15-11-1948. |
| 3. The Cauvery Paper Mills and Forest Industries Ltd., Coorg. | Rs.15 lakhs in Mysore State. | Extension of time granted for a period of six months from 1-12-1948. |
| 4. The Century Bank Ltd., Bangalore. | Additional capital of Rs.4 lakhs. | Extension of time granted for a period of six months from 9-12-1948. |
| 5. Devanga Bank Ltd., Bangalore City. | Rs.2½ lakhs. | Extension of time granted for six months from 1-1-1949. |
| 6. Cauvery Valley Papen Mills Ltd., Bangalore City. | Rs.20 lakhs. | Extension of time granted up to 15th September 1949. |

## The Travancore Rayons Limited.

The Travancore Rayons Ltd., is a public limited company incorporated in Travancore State, having its registered and Head office at Rayonpuram. It carries on the business of manufacture of artificial silk rayon of 5 tons and transparent paper of 1½ tons per day of 24 hours.

In November 1945 the company had been granted consent by the Government of Mysore to the issue of capital of Rs.1,50,00,000. The present authorised capital of the company is Rs.2,00,00,000/- and the issued capital is Rs.1,50,00,000/-. It is seen from the Balance Sheet of the company as on 31-12-1947 that the issued capital has been fully subscribed. This amount is stated to be not sufficient to meet the increased cost of plant and machinery, factory buildings under construction and hence the company desires to issue the balance of Rs.50,00,000/- out of the original authorised capital of Rs.200 lakhs. The company has obtained the consent of the Government of Travancore for the issue of this further capital of Rs.50,00,000 and has forwarded a copy of the order of consent dated 7th August 1948 issued by the Examiner of Capital Issues, Travancore. The company adds further that they have applied to the Government of India also and their orders have not yet been received. Meanwhile, the company has requested the Government of Mysore to give consent to the issue of further capital of Rs.50,00,000/-.

The application of the company is for consideration.

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## The Rodier Textile Mills Ltd.

The Rodier Textile Mills Ltd., Pondicherry, is a public limited company proposed to be registered in Pondicherry (French India) with the object of carrying on the business of manufacture of yarn and cloth. For this purpose they are said to have purchased "The Rodier ~~Mills~~ Textile Mills Ltd.," from the Anglo-French Textile Company Ltd., London. To meet the cost of these mills and other expenses connected with the establishment of the Mills, the company wants to issue shares to make up a capital of Rs.1,50,00,000/- as detailed below:

| | | |
|---|---|---|
| 50,000 | 6% tax free cumulative preference shares of Rs.100 each. | 50,00,000 |
| 25,000 | 'A' Class Ordinary Shares of Rs.100 each. | 25,00,000 |
| 25,000 | 'B' Class Ordinary Shares of Rs.100 each. | 25,00,000 |
| 5,000 | Tax free Debentures of Rs.1,000 each (in certificate or bearer bonds as desired by the Investor) bearing interest at 5% per annum. | 50,00,000 |
| | Rs. | 1,50,00,000 |

The Board of Directors consists of four gentlemen, two being the natives of Madras and two of Pondicherry.

The Company has forwarded a draft prospectus and a valuation report of the Mills purchased. A copy of the Memorandum and Articles of Association promised to be sent has not yet been received. They are said to be in print. They are handed again on 14.12.48.
The company has also sent a copy of letter dated 3rd November 1948 issued to them by the Deputy Controller of Capital Issues, Government of India, authorising the company to issue capital to the value of Rs.1,50,00,000.

The request of the company to issue capital to a similar extent in the Mysore State is for consideration by the Committee at the meeting ~~on 17th December 1948.~~

Permission may be granted. Permission may be granted.

## The Margarine & Refined Oils Company Ltd. Bangalore City.

The Margarine & Refined Oils Company, Ltd., has been incorporated in September 1948 with an authorised capital of Rs.10,00,000 divided into 1000 shares of Rs.1,000/- each and a subscribed and paid up capital of Rs.5,00,000. The business of the company is to carry on the manufacture of refining and hardening vegetable oils and other allied products. It is stated that the present paid up capital of Rs.5 lakhs is found insufficient in view of the increase in price for both machinery and buildings since they last estimated. It is now requested that permission may be granted for the further issue of capital of Rs.5 lakhs to meet the increased expenditure of about Rs.2 lakhs towards machinery and building and the working expenses. As twelve months have not elapsed after the raising of the first capital of Rs.5 lakhs sanction of Government for the issue of further capital of Rs.5 lakhs has now been applied for.

The Board of Directors consists of 5 gentlemen. All of them are residents of Mysore and most of them are merchants.

The application of the company is placed before the Committee for consideration.

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## The Mysore Kirloskar Ltd., Harihar.

The Mysore Kirloskar Ltd., Harihar, is a public limited company incorporated in the Mysore State in 1941 with its registered office being situated at Harihar. The business of the company is to deal with the manufacture of precision machine tools, i.e., workshop machinery and spare parts of agricultural implements.

The company is under the management of Messrs: Kirloskar Bros.Ltd. Kirloskarvadi (Satara).

The Board of Directors consists of nine gentlemen. The Chairman is Sri P.R.Balakrishnan, Vice-chairman, the Mysore Iron & Steel Works, Bhadravati(Govt. Director).

In February 1944 consent was given to this company to raise the capital to the extent of Rs.5 lakhs consisting of 5000 ordinary shares of the value of Rs.100 each. Including the capital of this issue the total authorised capital is now Rs.10 lakhs consisting of 10,000 shares of Rs.100 each. From the Balance Sheet as on 30th June 1948, it is seen that the entire authorised capital is fully subscribed and paid up.

As against the subscribed capital of Rs.10 lakhs the fixed assets of the company are of the value of more than Rs.21 lakhs. This company is said to have received a number of machines during the last two years and their value has been paid by overdraft from Banks. With a view to clear the overdraft in Banks and to undertake the manufacture of new machines as desired by the Government of India through the Industries & Supplies Department, the Directors (through the General Manager) has now requested for permission for issue of further capital of Rs.15 lakhs out of which a capital of Rs.5 lakhs being issued immediately and the balance as and when found necessary.

Information has been called for from the Company on 14.12.48 whether the General Body at a General Meeting has passed a resolution for the increase of capital and ~~together with~~ a copy of the Resolution of the Board is received to be sent. for increasing the capital. The Registrar of Joint Stock Companies has been asked to furnish his views on the request of the company.

In the meantime, the application of the company is placed before the Committee for information and consideration ~~if necessary~~.

Proceedings of the meeting of the Informal Committee for Capital Issues held on Saturday the 29th January 1949 at 3 P.M. in the Chambers of the Minister for City Municipalities & Muzrai.

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PRESENT:-

1. Rajaseevasakta P.Subbarama Chetty,
   Minister for City Municipalities & Muzrai. CHAIRMAN.

2. Sri M.Shamanna, M.A.,
   Financial Secretary to Government.

3. Sri B.T.Kempanna, B.A.,
   Secretary to Govt., Development Dept.

4. Sri U.K.Somappa, B.A.,
   Dy. Inspector-General of Police.

5. Sri A.V.Krishnamurthi, B.A.,B.Com.,
   Dy. Commissioner of Income-tax, Bangalore (Urban)

6. Sri K.Chikkanarayanaswamy, B.Sc.,
   Addl. Director of Industries & Commerce
   (attended the meeting as the Director of Industries & Commerce, Sri B.G.Appadorai Mudaliar, was on leave

7. Sri G.A.Narayana Setti, B.A.,LL.B.,
   Asst. Secretary to Govt., Special Revenue Branch - (Secretary)

ABSENT.

1. Sri J.B.Mallaradhya, M.A.,
   Commissioner for Economic Development & Planning.

2. Sri B.S.Puttaswamy, B.A.,B.L.,
   Secretary to Government, Law Department (on casual leave)

3. Janab M.Hayath, B.A.,B.S.S.E.,
   Chief Electrical Engineer,
   (had written that he could not attend the meeting as he had to go to Mekadatu).

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The Committee met at 3 P.M. and considered the following subjects:-

I. Action taken by Government on the recommendation of the Committee at the previous meeting held on 7th September 1948.

As copies of the above statement had previously been circulated among the members of the Committee the same was taken as read and recorded.

II. List of companies to whom extension of time to issue balance of shares has been granted without reference to the Committee:

As this list had also been previously circulated it was proposed that this may be taken as read and recorded as usual. At this stage an enquiry was made by the Financial Secretary as to

the procedure in vogue regarding the disposal of applications for grant of extension of time and whether in the case of Shankara Textiles Ltd., Davangere, the extension of time had been granted with the approval of the Minister. It was explained that the present practice is that in cases where the Law Secretary, who is the administrative Secretary for Capital Issues, is satisfied that there is need for grant of time, orders are being issued in accordance with orders passed by him and in other doubtful or important cases, orders of the Minister are obtained and that in the case of the Shankara Textile Mills, referred to by the Financial Secretary, extension of time for 6 months from 15-11-48 had been granted under the orders of the then Law Secretary to Government. Then the Financial Secretary proposed that the time granted to Shri Shankara Textile Mills Ltd., to collect balance of shares may be withdrawn as they have not yet executed the necessary documents for the loan of Rs.10 lakhs even though it has been actually paid to them a few months back. After some discussion, it was resolved to communicate to the Mills by a registered letter for acknowledgment due that as they have not yet executed the required documents, the extension of time granted to them for issue of capital be withdrawn.

With the above observation the statement was recorded.

Resolved further that in future all applications for grant of extension of time for issue of capital be submitted to the Minister for City Municipalities & Muzrai for orders.

III. Applications of companies for issue of capital were considered:

(1) The Travancore Rayons Ltd:

The authorised capital of this company is Rs.2 crores and the issued capital Rs.1½ crores. Permission of the Government of Mysore had been granted in 1945 for the issue of capital of Rs.1½ crores. This has been said to be fully subscribed. Now on account of the high cost of plant and machinery, the capital is found to be insufficient and so the company has requested

permission for the issue of the balance of Rs.50 lakhs out of the original authorised capital of Rs.2 crores. The Government of Travancore have granted permission to this company for the issue of further capital of Rs.50 lakhs.

The Committee resolved that the request of the company for issue of further capital of Rs.50 lakhs be granted.

2. The Rodier Textile Mills Ltd.

This company is proposed to be incorporated in Pondicherry (French India) with the object of carrying on business of manufacture of yarn and cloth and for this purpose they are stated to have purchased "The Rodier Textile Mills Ltd." from the Anglo-French Textile Co.,Ltd., London. To meet the cost of these Mills and other expenses connected with the establishment of the Mills, the company wants to issue shares to make up a capital of Rs.1½ crores, and it has also obtained authorisation from the Deputy Controller of Capital Issues, Government of India to issue capital to the value of Rs.1½ crores. The company has requested that similar permission may be granted by the Government of Mysore also.

The Committee resolved that the request of the company for issue of capital of Rs.1½ crores be granted subject to the receipt of Memorandum and Articles of Association of the Company.

3. The Margarine & Refind Oils Co.,Ltd.

This company was incorporated in Bangalore City in September 1948 with an authorised capital of Rs.10 lakhs and subscribed and paid up capital of Rs.5 lakhs. The business of the company is to carry on the manufacture of refining and hardening of vegetable oils and other allied products. On account of the high cost of machinery, it has now found that the paid up capital is insufficient and has requested permission to issue a further capital of Rs.5 lakhs to meet the increased expenditure towards machinery and building and working expenses. The company has forwarded

a copy of the resolution regarding this increase of capital passed by the Board of Directors and not by the General Body.

In the circumstances of the case, the Committee resolved that permission asked for by the company to issue a further capital of Rs.5 lakhs be granted subject to the condition that the action of the Board of Directors is approved by the General Body and a copy of the resolution sent accordingly.

4. The Mysore Kirloskar Ltd.

This company was incorporated in Mysore State in 1941 with its Head Office at Harihar. The business of the company is to deal with the manufacture of precision machine tools. In February 1944, permission was given to raise the capital to the extent of Rs.5 lakhs thus bringing the total authorised capital to Rs.10 lakhs. This is said to have been fully subscribed for and paid up. Against this paid up capital of Rs.10 lakhs, the fixed assets of the company are of the value of more than Rs.21 lakhs. This company is said to have received a number of machines during the last two years and their value has been paid by overdrafts from Banks. To clear these overdrafts and to undertake the manufacture of new machines it has now requested for the grant of permission to raise a further authorised capital of Rs.15 lakhs therefrom immediately and the balance later on when found necessary. The Registrar of Joint Stock Companies who was consulted in the matter has expressed the view that the company may raise a further capital of Rs.5 lakhs and that there is no need to grant sanction in advance to a further sum of Rs.10 lakhs as desired by the company.

The Committee resolved that the request of the company to raise further authorised capital of Rs.15 lakhs and issue for the present a capital of Rs.5 lakhs therefrom be granted subject to the condition that the approval of the General Body is obtained for the issue of further capital as desired by the company.

5. The Chitaldrug Savings Bank Ltd.

This Bank was incorporated in 1870 at Chitaldrug with an authorised and subscribed capital of Rs.50,000/-. With a view to increase the existing capital for the purpose of widening the banking activities, the Bank has now applied for sanction to issue a further capital of Rs.1½ lakhs. The Secretary brought to the notice of the Committee that the Registrar of Joint Stock Companies who was consulted in the matter has recommended that permission for issue of further capital may be granted.

The Committee resolved that permission be granted to the Bank for the issue of a further capital of Rs.1½ lakhs.

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C. F. 74]

Immediate.
Routine Notes.

3037
CB

[To be used only for notes, requisitions, etc., not intended for permanent record.]

WD 06823—GPB—25,000—30-7-49

1) Branch is requested to kindly note the no. of receipts and disposals per month for the last 12 months pertaining to "Capital issues".

2) The information may kindly be furnished during the course of today.

12/1/50.

Asst. Secy.
Rev. Wks.

13.1.50.

13-1-50

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3) The receipts of capital issues from 1st January 1949 to end of the year come to 100. The number of issues will come up to about 300. The issues cannot separately be noted as they are found noted together under G.F. issues. It may however be stated with confidence that the number of issues will not be anything less than 300.

4) The volume and nature of the work of the Capital Issue Committee cannot be gauged merely on the basis of ~~numerical~~ number of receipts and issues.

5) Each application will have to be scrutinised with reference to the rules

*N. B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.*

in the Companies Act and the memorandum and Articles of Association of each company or bank to which the application for capital issue relates. Apart from the scrutiny and submission of applications notices calling for meetings of the Committee will have to be issued, notes on each application will have to be prepared, got typed, circulated to the members of the Committee before each meeting. The notes of the proceedings of the Committee will have to be taken at the Committee meetings. After approval of the proceedings, copies of the same which will sometime consist of 10 to 12 pages, will be sent to each member of the Committee.

6) The extract ~~of~~ the proceedings relating to each case xxxxxxx will have to be made out and orders of Government obtained thereon.

7) It is thus seen that the work relating to Capital Issue Committee is sufficiently responsible and onerous. xxxxxxxxxxxxxxxxxxxxxxxxxxxx

8) It may further be noted that the above Capital Issue work has been entrusted to an Asst. Secretary who has very heavy work connected with Revenue & Muzrai. Similarly, a first division clerk of the Financial Branch who is having heavy work connected with Sales Tax & Income Tax is attending to this work with the help of a steno-typist of the same branch who has also got his hands quite full with the work relating to the Budget etc.

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C.B.

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CB

9) The above particulars amply prove that the officer and the staff connected with the Capital Issue work have been attending to this work in addition to their normal duties, which are themselves very heavy and responsible. It is needless to ~~xxx~~ add that the work relating to Capital Issue has got to be done mostly out of office hours.

Asst Secretary) M/L 13/1
C.B

10) The Asst. Secy. Rev. Branch may be requested to furnish information on the following further points connected with the work of the "Capital Issues" Committee, of which he is the Secy :—

1) Number of meetings of the Capital Issues Committee held in each of the months during the last one year.

2) Copies of the agenda and proceedings of the meetings.

3) particulars of the allowances sanctioned to the staff doing the work of the Capital Issues Committee

4) The administrative staff Concerned with Capital Issues Committee work.

5) A copy of the order Constituting the Committee and its functions.

24/1/50.

Asst. Secy
Rev. W/Cs

21.1.50.

21.1.50.

Rd today
25/1

25/1

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PL

Particulars regarding the Capital Issue committee meeting

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CO

11 (1) Meetings of the Committee during the period under reference were held on the following dates:—

1) 29th January 1949

2) 30th July 1949

3) 31st December 1949.

There was a meeting in January 1950, the draft proceedings of which has been submitted for approval—

(2) Copies of the Agenda and proceedings of the Meetings referred to in (1) above are put up herewith as desired.

(3) Allowances sanctioned—

(a) Secretary to the Committee — Rs 50/- per mensem Duty allowance

(b) Base-worker — Rs 15/- per mensem.

(c) Steno-typist — Rs 10/- per mensem.

(4) The Assistant Secretary, Revenue Department is the Secretary to the Committee. The work relating to Capital Issue is carried on in the Financial Branch. "Capital Issue" is included under G.F. File Headings.

(5) Copies of the Rules constituting the Committee are put up.

Also Secretary's

C.B.

W
4/2

GENERAL & REVENUE SECRETARIES
14 FEB 1950

G. R. S. App. F VI—G. 2]

SUBJECT.....

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.....

*Diary No. of letter replied to*.....

General and Revenue Secretariat.

( )

*the* *194* .

Date of issue..... 194 .

Signed by .....

May this be—

(i) printed ?

(ii) treated as a Standing Order ?

(iii) published in the Gazette, English Part ?

(iv) translated ?

(v) placed at the disposal of the Press ?

(iv) published in the Gazette, Kannada Part ?

**Section.**

**File No.**

**Serial No.**

*Proceedings of the Government of His Highness the Maharaja of Mysore.*

*Read*— G. O. No. 3ಆ 31 | CB 153-43-1. dated 22nd March 1944 sanctioning an allowance of Rs 50/- P.m. to the secretary, to the committee dealing with the issue of capital under object session 3-1-1944.

O. M. No. 9883-9905/ CB 5-3a-48 dated 12th June 1949 ~~transferring Order thereon.— No.~~ ordering the ~~the allowance to~~ Addl. Secy. Rev. Br ~~(on leaving Bangalore)~~ to be the secretary. & the committee for issue of capital.

Order No. 226-24/ CG 2650-1 Dated 5/9/52 Govt direct that the allowance of Rs 50/- P.m being drawn by the Addl. Secretary

to Govt. Rev Dept. as Secretary to the Committee dealing with the issue of Capital will cease with effect from 1st April 1950

KMR
5/4/50.

Chief Secretary to Govt.

The Secretary, Capital issue Committee
Copy for info. to Sri G. A. N. Reddy - Addl. Dy Legal Rev Bn

" O. B Add. Rr

" CB

Noted
4/4

4.4.50.

*List of Enclosures*

*Copied by*

*Examined by*